

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 XMB-07 EB-11 COME-00 CIAE-00 INR-11

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R 201500Z SEP 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 8173

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E. O. 11652: N/A

TAGS: EIND, EINV, BEXP, AR

SUBJECT: GENERAL MOTORS LOCOMOTIVE LOAN

1. REPRESENTATIVE OF GENERAL MOTORS (GM) LOCOMOTIVE DIVISION INFORMED EMBASSY THAT PRESIDENT OF ARGENTINE RAILWAYS IS EXPECTING "INVITATION" TO GO TO WASHINGTON TO NEGOTIATE RESCHEDULING OF EXIMBANK/MORGAN LOAN. POSITION OF PRESIDENT OF ARGENTINE RAILWAYS IS HELD BY MIGUEL REVESTIDO, WHO IS ALSO SECRETARY OF TRANSPORT UNDER THE MINISTRY OF ECONOMY.

2. THE ARRANGEMENT FOR GM TO MANUFACTURE LOCOMOTIVES IN ARGENTINA THROUGH ARGENTINE CONTRACTORS HAS BEEN SERIOUSLY DELAYED OWING TO THE POLITICAL AND ORGANIZATIONAL CHANGES IN 1973, AND THE CONSEQUENT UNCERTAINTY BOTH BEFORE AND AFTERWARDS. THE STAGES OF THE ADVANCE PAYMENT WERE DELAYED, THE FIRST NOT HAVING BEEN MADE UNTIL APRIL 1973, WITH A FURTHER PAYMENT IN FEBRUARY 1974. WE UNDERSTAND THE BALANCE OF THE ADVANCE PAYMENT IS NOW ON THE POINT OF BEING PAID. GM EXPECTS THE FIRST LOCOMOTIVE TO BE PRODUCED BY THE END OF 1975. THE 80 LOCOMOTIVES WHICH GM EXPORTED FROM THE U.S. TO ARGENTINA UNDER THE OVERALL ARRANGEMENT WERE DELIVERED IN 1972. ALL ARE NOW IN OPERATION, TO THE FULL SATISFACTION OF ARGENTINE

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RAILWAYS.

3. THE EMBASSY WOULD APPRECIATE RECEIVING URGENTLY INFORMATION FROM EXIMBANK AS TO THE STATUS OF RESCHEDULING, ESPECIALLY WHETHER IT IS CONTEMPLATED THAT SECRETARY REVESTIDO (AND/OR OTHER GOA OFFICIALS) BE INVITED TO WASHINGTON TO NEGOTIATE. EMBASSY DOES NOT FULLY UNDERSTAND WHY THE GOA SHOULD EXPECT TO RECEIVE A FORMAL INVITATION TO GO TO WASHINGTON TO NEGOTIATE A RESCHEDULING. HOWEVER, IT MAY BE OF INTEREST THAT REVESTIDO IS CLOSE ASSOCIATE OF FORMER CENTRAL BANK PRESIDENT GOMEZ MORALES, AND WAS UNTIL RECENTLY SECRETARY OF COMMERCE. MINISTER OF ECONOMY GELBARD'S MILD HEART PROBLEM THIS WEEK HAS LED TO NEW SPECULATION THAT GOMEZ MORALES MIGHT REPLACE HIM, IN WHICH CASE REVESTIDO'S INFLUENCE WOULD BE INCREASED CONSIDERABLY. DECON 9-19-75.
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